IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

| | | |
|---|---|---|
| DOROTHY GARFIELD, | : | CIVIL ACTION |
| | : | |
| v. | : | |
| | : | |
| MATRIA HEALTHCARE, INC. | : | NO. 98-5490 |

**MEMORANDUM AND ORDER**

HUTTON, J. November 16, 1999

Presently before the Court is Defendant's Motion for Summary Judgment, Plaintiff's cross motion for Summary Judgment, Defendant's Motion to Preclude, Plaintiff's Motion to Disqualify Counsel, Defendant's Motion for Protective Order, and Defendant's Motion to Stay Deposition. For the reasons stated below, the Defendant's Motion for Summary Judgment is **GRANTED**, and therefor the Court only reaches the merits of the Summary Judgment Motions.

## I. BACKGROUND

The Plaintiff, Dorothy Garfield, is the widow of E. Rudy Garfield who died prior to February 28, 1997. Plaintiff seeks to enforce the terms and conditions of an agreement entered into between Mr. Garfield, and Mr. Garfield's employer Healthdyne, Inc. ("Agreement") which provided for annual payments of $75,000 to Plaintiff upon Mr. Garfield's death. Mr. Garfield had several prior agreements with his previous employers, however, Healthdyne Inc. was not a party to such agreements and only became Mr.

Garfield's employer as a result of an acquisition in January 1983. Following this acquisition, Mr. Garfield and Healthdyne entered into an Agreement dated August 22, 1983. The instant dispute is whether the language of this Agreement provided Plaintiff with lifetime benefits upon Garfield's death, or alternatively, for the termination of said benefits after February 28, 1997. Plaintiff's Complaint contains two counts, one seeking damages, and the other seeking a declaratory judgment.

## II. STANDARD OF REVIEW

### A. Summary Judgment Standard

The purpose of summary judgment is to avoid a pointless trial in cases where it is unnecessary and would only cause delay and expense. See Goodman v. Mead Johnson & Co., 534 F.2d 566, 573 (3d Cir. 1976), cert. denied, 429 U.S. 1038 (1977). Summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). The party moving for summary judgment has the initial burden of showing the basis for its motion. See Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). Once the movant adequately supports its motion pursuant to Rule 56(c), the burden shifts to the nonmoving party to go beyond the mere pleadings and present evidence through affidavits,

depositions, or admissions on file to show that there is a genuine issue for trial. See id. at 324. A genuine issue is one in which the evidence is such that a reasonable jury could return a verdict for the nonmoving party. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986).

When deciding a motion for summary judgment, a court must draw all reasonable inferences in the light most favorable to the nonmoving party. See Big Apple BMW, Inc. v. BMW of N. Am., Inc., 974 F.2d 1358, 1363 (3d Cir. 1992), cert. denied, 507 U.S. 912 (1993). Moreover, a court may not consider the credibility or weight of the evidence in deciding a motion for summary judgment, even if the quantity of the moving party's evidence far outweighs that of its opponent. See id. Nonetheless, a party opposing summary judgment must do more than rest upon mere allegations, general denials, or vague statements. See Trap Rock Indus., Inc. v. Local 825, 982 F.2d 884, 890 (3d Cir. 1992).

**B. Contract Language Interpretation**

When the meaning of contract language is at issue, the Third Circuit will affirm a grant of summary judgment only if the contract language is unambiguous and the moving party is entitled to judgment as a matter of law. See Arnold M. Diamond, Inc., v. Gulf Coast Trailing Co., 180 F.3d 518, 521 (3d Cir. 1999) (citations omitted). For a contract to be considered unambiguous the language must be subject to only one reasonable interpretation.

See id. Therefore, the Court must inquire as to whether the non-moving party "has provided a reasonable alternative reading of the contract" which would not entitle the moving party to judgment as a matter of law. See id. at 522.

The Court must interpret the contract so as to give effect to the intention of the parties. See id. (citing Corbin on Contracts § 538, at 55 (1960)). "[A]n interpretation which gives a reasonable, lawful, and effective meaning to all the terms is preferred to an interpretation which leaves a part unreasonable, unlawful, or of no effect." Id. (citing Restatement (Second) of Contracts § 203 (1981)). In making such interpretation, the Court may consider extrinsic evidence of surrounding circumstances when ascertaining the intended meaning of the parties. See id.

## III. DISCUSSION

As an initial matter, Plaintiff requests that the Court consider the language of Garfield's previous agreements when considering the current agreement. Although the court may consider extrinsic evidence in determining the intention of the parties, in this instant matter such considerations are only marginally helpful. First, Healthdyne was not a party to the previous agreements. Thus, examining the previous agreements to determine the parties intentions in the instant Agreement would be fruitless. Further, the instant Agreement contains a merger clause in paragraph 9 which unambiguously states that the 1976 and 1982

agreements that Plaintiff would have the Court consider, are superceded by the Agreement and that the previous agreements are terminated. Thus, the August 1983 Agreement is clearly not a modification agreement as the Plaintiff asserts (Pl.'s Mot. for Summ. J. at 3), but rather a totally new agreement.

Next, with respect to the merits of the parties motions, the dispute giving rise to this action centers around the meaning of the survival language in paragraph 2 of the Agreement. The paragraph states in relevant part that:

> [c]ommencing September 1, 1983 and continuing through February 28, 1997, the Company shall pay Garfield an annual consulting fee of $75,000 per year in equal installments. In the event of Garfield's death prior to February 28, 1997, the Company shall continue to pay the said annual consulting fee in equal monthly installments to Garfield's wife during her lifetime . . . .

(Agreement ¶ 2) (emphasis added). Further, paragraph 8 of the Agreement states that:

> [t]he term of this Agreement shall expire February 28, 1997. This Agreement shall be binding upon and shall inure to the benefit of Garfield and his wife, their personal representatives, successors and assigns, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

(Agreement ¶ 8).

Defendant contends that the survival language in paragraph 2 of the Agreement only applies to payments during the period of September 1, 1983 through February 28, 1997. While

Plaintiff contends that such language requires that payment be made to Plaintiff for the remainder of her life.

In reviewing contract language, the Court is not required to find ambiguity simply because there is another interpretation, rather the appropriate standard requires that an alternative interpretation be a reasonable one. See Arnold, 180 F.3d at 521. First, Plaintiff asserts that the term "said annual consulting fee" exclusively means $75,000 and nothing more in the context of the second sentence of paragraph 2. (See Pl.'s Resp. to Def.'s Mot. for Summ. J. at 6; see also Pl.'s Mot. for Summ. J. at 20). Plaintiff, however, ignores the context that the term "said annual consulting fee" is used or the context of the paragraph containing the survival clause.

It is quite clear that the term "said annual consulting fee" in the second sentence refers not to the $75,000 payment alone, but rather to the entire preceding sentence which contains the duration of the fee in addition to its amount. The parties "intention is not to be determined merely by reference to a single word or phrase, but rather by giving every part of a document its fair and legitimate meaning." Sun Co., Inc. v. Brown & Root Braun, Inc., No. CIV.A.98-6504, 1998 WL 681694, at *2 (E.D. Pa. Sept. 2, 1999). As such, any meaning construing "said consulting fee" without considering the context of its use within the paragraph in its entirety, would simply be an unreasonable attempt to construe

the survival clause within paragraph 2 as creating a greater entitlement to payment than the first sentence of the paragraph clearly and unambiguously provides. Therefore, the Court finds that the only reasonable interpretation of the survival clause contained in paragraph 2, read in light of the entire paragraph, is to explicitly designate to whom the remaining payments under the Agreement are to be paid should Garfield fail to survive until February 28, 1997.

Second, assuming arguendo, that one could read paragraph 2 as reasonably providing for a lifetime benefit, Plaintiff's argument still fails. Paragraph 8 of the Agreement unambiguously states that the "term of this Agreement shall expire on February 28, 1997." Plaintiff states that such a clause is only superficially attractive because there are actually two contingencies in the Agreement. (See Pl.'s Mot. for Summ. J. at 19). Thereby asserting that only in the event that Garfield survives past February 28, 1997 would paragraph 8 serve any purpose in the Agreement. (See Pl.'s Mot. for Summ. J. at 20). The Court, however, finds paragraph 8 to be far more than superficially attractive; the Court finds this clause to be dispositive on Plaintiff's entitlement to benefits. There is simply no basis for Plaintiff's contractual contingency scheme evidenced within the context of the Agreement or any surrounding circumstances presented

by the Plaintiff. As such, Plaintiff's conclusion is little more than idle speculation about the parties intentions.

Further, a court should prefer a construction of a contract that gives full effect to all its terms before engaging in conduct that has the effect of nullifying a portion of the contract. See Arnold, 180 F.3d at 522. If the Court was to accept Plaintiff's argument as reasonable, the Court would be required to ignore a term within the Agreement. To the contrary, the Court by accepting Defendant's position can give full effect to all the terms of the agreement without looking behind the words of the Agreement.

Quite simply, paragraph 2 provides payment to Garfield's wife during her lifetime, however, said payments, as a obligation of the Agreement, terminate on February 28, 1997 pursuant to paragraph 8. Such a reading makes no term in the contract redundant or with no effect and is entirely consistent with the unambiguous language as used within the Agreement. When the Agreement is read a whole the term "during her lifetime" cannot be read as anything other than a simple condition upon the right to receive payment.

As such, the Court finds that paragraph 8 can only reasonably mean that the Agreement and all the obligations within it terminate on February 28, 1997. This conclusion is further supported by the second sentence in paragraph 8 which clearly and

unambiguously contemplates Garfield's wife as having a benefit under the agreement, yet makes no modification to the clearly stated expiration date of the preceding sentence.

As a result of the foregoing analysis, the Court is compelled to grant Summary Judgment in favor of Defendant on Count I and Count II of Plaintiff's complaint as there exists no genuine issue of material fact in dispute. The Court finds that the meaning of paragraph 2 and paragraph 8 have only one reasonable reading which has the effect of terminating all benefits under the Agreement as of February 28, 1997. As such, Defendant is entitled to judgment as a matter of law.

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

| | | |
|---|---|---|
| DOROTHY GARFIELD, | : | CIVIL ACTION |
| | : | |
| v. | : | |
| | : | |
| MATRIA HEALTHCARE, INC. | : | NO. 98-5490 |

**O R D E R**

AND NOW, this 16th day of November, 1999, upon consideration of the Defendant's Motion for Summary Judgment (Docket No. 8), Plaintiff's Motion for Summary Judgment (Docket No. 9), Defendant's Motion to Preclude (Docket No. 7), Plaintiff's Motion to Disqualify Counsel (Docket No. 12), Defendant's Motion for Protective Order (Docket No. 19), Defendant's Motion to Stay Deposition (Docket No. 20), and the Parties responses thereto, IT IS HEREBY ORDERED that:

(1) Defendant's Motion for Summary Judgment is **GRANTED;**

(2) Plaintiff's Motion for Summary Judgment is **DENIED;**

(3) Defendant's Motion to Preclude is **DENIED AS MOOT;**

(4) Plaintiff's Motion to Disqualify Counsel is **DENIED AS MOOT;**

(5)Defendant's Motion for Protective Order is **DENIED AS MOOT;** and

(6)Defendant’s Motion to Stay Deposition is **DENIED AS MOOT**.

BY THE COURT:

_____
HERBERT J. HUTTON, J.